



# Detroit Housing Commission, Detroit, MI

Moderate Rehabilitation Program

**Office of Audit, Region 5  
Chicago, IL**

**Audit Report Number: 2019-CH-1002  
February 6, 2019**



**To:** Douglas C. Gordon, Director of Public Housing Hub, 5FPH

**//signed//**

**From:** Kelly Anderson, Regional Inspector General for Audit, Chicago Region, 5AGA

**Subject:** The Detroit Housing Commission, Detroit, MI, Did Not Always Administer Its Moderate Rehabilitation Program in Accordance With HUD's and Its Own Requirements

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of the Detroit Housing Commission's Moderate Rehabilitation program.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG website. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 312-913-8499.



Audit Report Number: 2019-CH-1002  
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The Detroit Housing Commission, Detroit, MI, Did Not Always Administer Its Moderate Rehabilitation Program in Accordance With HUD's and Its Own Requirements

## Highlights

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### What We Audited and Why

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We audited the Detroit Housing Commission's Moderate Rehabilitation program based on concerns regarding the conditions of the housing units and the results of our prior audit of the Commission's former projects.<sup>1</sup> The audit was part of the activities in our fiscal year 2018 annual audit plan. Our audit objective was to determine whether the Commission administered its program in accordance with the U.S. Department of Housing and Urban Development's (HUD) and its own requirements.

### What We Found

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The Commission did not always administer its program in accordance with HUD's and its own requirements. Specifically, it did not (1) correctly calculate and pay housing assistance for its program households, (2) obtain and maintain required eligibility documentation, (3) appropriately update contract rents, and (4) always enforce HUD's housing quality standards. As a result, the Commission overpaid more than \$47,000 and underpaid nearly \$25,000 in housing assistance and utility allowance reimbursements. In addition, it paid more than \$85,000 in unsupported housing assistance.

### What We Recommend

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We recommend that the Director of HUD's Detroit Office of Public Housing require the Commission to (1) reimburse its program more than \$23,000 from non-Federal funds; (2) reimburse the households or projects nearly \$25,000 from non-Federal funds for the underpayment of housing assistance and utility allowances; (3) support or reimburse its program, households, or projects more than \$85,000 for unsupported housing assistance payments; (4) pursue collection or reimburse its program nearly \$24,000 from non-Federal funds for the overpayment of housing assistance; and (5) implement adequate quality control procedures to correct the findings cited in this audit report.

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<sup>1</sup> Report number 2015-CH-1002

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# Background and Objective

The Detroit Housing Commission was established by the City of Detroit in 1933 to provide safe, decent, and affordable housing for low- and moderate-income people. Its current mission is to effectively and efficiently develop, manage, and preserve quality affordable housing. The Commission is governed by a five-member board of commissioners appointed by the mayor of Detroit.

The Moderate Rehabilitation program was designed in 1978 to be an expansion of the rental certificate program. The rental certificate program was initially amended to permit moderate levels of rehabilitation to upgrade and preserve the Nation's housing stock. Although the rental certificate program stimulated maintenance of the housing stock, it was estimated that at least 2.7 million rental units had deficiencies requiring a moderate level of upgrading. Approximately 85 percent of these units were in buildings of fewer than 20 units. The program was designed to upgrade that housing stock. The program was repealed in 1991, and no new projects are authorized for development. Assistance is limited to properties previously rehabilitated under a housing assistance payments contract between an owner and a public housing agency.

The program is administered locally by public housing agencies. Low-income families are eligible to apply for the program and are placed on the public housing agency's Housing Choice Voucher Program or a separate program waiting list. When vacancies occur in program projects, the public housing agency refers eligible families for participation in the program from its waiting list to owners. Owners select families for occupancy of a particular unit after screening each family. The family pays 30 percent of its adjusted income toward the rent.

As of March 2018, the Commission had 133 units under contract with 4 projects. Between January 2016 and March 2018, the Commission made more than \$1.2 million in housing assistance payments for the 133 program households that resided at the 4 projects.

Our objective was to determine whether the Commission administered its program in accordance with the U.S. Department of Housing and Urban Development's (HUD) and its own requirements. Specifically, we wanted to determine whether the Commission (1) correctly calculated and paid housing assistance for its program households, (2) obtained and maintained required eligibility documentation, (3) appropriately updated contract rents, and (4) enforced HUD's housing quality standards.

# Results of Audit

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## Finding: The Commission Did Not Always Administer Its Moderate Rehabilitation Program in Accordance With HUD's and Its Own Requirements

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The Commission did not always administer its program in accordance with HUD's and its own requirements. Specifically, it did not (1) correctly calculate and pay housing assistance for its program households, (2) obtain and maintain required eligibility documentation, (3) appropriately update contract rents, and (4) always enforce HUD's housing quality standards. The weaknesses occurred because the Commission lacked adequate policies, procedures, and controls to ensure that the program was administered in accordance with HUD's and its own requirements. As a result, the Commission overpaid more than \$47,000 and underpaid nearly \$25,000 in housing assistance and utility allowance reimbursements. In addition, it paid more than \$85,000 in unsupported housing assistance.

### The Commission Miscalculated Housing Assistance

We reviewed 98 certifications<sup>2</sup> to determine whether the Commission correctly calculated and paid housing assistance. Our review was limited to the information maintained by the Commission in its household files.

For the 98 certifications reviewed, 56 (57.1 percent) had incorrect or unsupported housing assistance payment calculations.<sup>3</sup> The 56 certifications contained 1 or more of the following calculation errors:

- 38 certifications had incorrect or unsupported utility allowances,
- 32 certifications had incorrect or unsupported income,
- 17 certifications had incorrect rent amounts,
- 4 certifications had incorrect or unsupported medical expenses, and
- 1 certification had incorrect or unsupported childcare costs.

For the households associated with the 56 certifications, the Commission overpaid \$240 and underpaid \$522 in housing assistance, and households overpaid \$246 and underpaid \$2,089 in tenant rents.<sup>4</sup>

In addition, there was \$8,741 (\$648 + \$6,137 + \$1,956) in unsupported housing assistance payments. If the Commission does not correct its certification process, we estimate that it could

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<sup>2</sup> Our methodology for selecting the 98 certifications, which include 60 that were statistically selected, is explained in the Scope and Methodology section of this audit report.

<sup>3</sup> See appendix C for criteria.

<sup>4</sup> Since the households overpaid and underpaid tenant rents, the Commission underpaid \$246 and overpaid \$2,089 in housing assistance, respectively.

overpay \$2,068 and underpay \$7,824 in housing assistance over the next year.<sup>5</sup>

Further, of the 98 certifications reviewed, 30 contained errors that had no impact on the housing assistance. These errors included incorrect or unsupported asset values; income; and dependent, disability, and utility allowances.

In addition, \$16,793 in housing assistance was overpaid for nine households due to unreported income.

### **The Commission Incorrectly Paid Housing Assistance**

For 56 households, we compared the housing assistance calculated on the forms HUD-50058 (Family Report) reviewed to the amounts paid based on the Commission's housing assistance payments register. Of the 56 households reviewed, the Commission did not always pay housing assistance and utility allowances in accordance with its calculations. Specifically, it incorrectly (1) overpaid \$3,951 in housing assistance for seven households, (2) underpaid \$958 in housing assistance for six households, and (3) overpaid \$208 in utility allowances for three households.

In addition, we reviewed the effective and modification dates for all of the 448 certifications (forms HUD-50058) completed between January 2016 and March 2018. Of the 448 certifications, 292 (65.2 percent) were completed (modified) after the effective date. The number of days between the effective date and the modification date ranged from 1 to 327 days. Because the certifications were completed after the effective dates entered on the forms HUD-50058, the Commission needed to adjust or correct the housing assistance and utility reimbursements paid between the effective dates and the completed (modification) dates.

Further, we reviewed the households that ended participation in the program to determine whether the Commission paid housing assistance to the projects after the end of participation. Of the 44 households that ended participation between January 2016 and March 2018, the Commission made housing assistance payments for 6 households after the effective dates of the households' end of participation. Of the six households, housing assistance was inappropriately paid for 1 month after ending participation for four households, for 3 months after ending participation for one household, and for 4 months after ending participation for one household. In addition, of the six households, five received payments after termination because the project owners failed to report the move-outs in a timely manner, and one occurred because the Commission did not complete the end-of-participation certifications in a timely manner. According to the Commission's senior housing specialist, its standard procedure was to complete the end-of-participation certification within 10 days after the termination letter was issued. As a result of the audit, the Commission recovered all of the overpaid housing assistance.

### **The Commission Did Not Maintain Eligibility Documentation**

We reviewed the files for 56 households to determine whether the Commission obtained and maintained required eligibility documentation. Of the 56 household files reviewed, 28 (50

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<sup>5</sup> Our methodology for this estimate is explained in the Scope and Methodology section of this audit report.

percent) were missing 1 or more required eligibility documents. The missing documentation included

- 19 files with missing lead-based paint disclosure forms;
- 5 files with 1 or more missing citizenship declaration forms;
- 4 files with missing leases;
- 3 files with missing birth certificates;
- 3 files with missing proof of criminal background checks;
- 2 files with missing original program applications; and
- 2 files with 1 or more missing forms HUD-9886, Authorization for the Release of Information/Privacy Act Notice.

Although the 28 household files were missing required documentation, the Commission later provided copies of missing eligibility documentation. For each household file reviewed, the table below shows the documents that were originally unsupported, documents provided during the audit, and documents that remained unsupported.

Document	Originally unsupported	Provided during audit	Remaining unsupported
Lead-based paint disclosure forms	19	16	3
Citizenship declaration forms	7	5	2
Executed lease	4	4	0
Birth certificates	3	2	1
Proof of criminal background checks	3	3	0
Original program applications	2	1	1
Form HUD-9886	3	0	3
<b>Totals</b>	<b>41</b>	<b>31</b>	<b>10</b>

For 8 household files, 10 eligibility documents remained unsupported. Because the 8 household files were still missing required eligibility documentation, HUD and the Commission lacked assurance that the households were eligible for the program. As a result, \$76,748 in housing assistance payments was unsupported.

### The Commission Did Not Always Update Contract Rents

For the households that participated in the program between January 2016 and March 2018, the Commission did not appropriately update the contract rents for 30 households.<sup>6</sup> Because the contract rents were not appropriately updated for each contract renewal, housing assistance payments were underpaid for 20 households associated with 3 of the program projects and overpaid for 10 households associated with the remaining program project.

As a result of our audit, the Commission reimbursed two of the projects for the underpayments for four households and recovered overpayments from one project for nine households. For the

<sup>6</sup> For one household, the rent was incorrectly updated twice.

remaining 17 households with inappropriate contract rents, \$849 in housing assistance was underpaid for 16 households associated with 2 of the program projects, and \$20 was overpaid to the remaining household for 1 of the program projects.

### **The Commission Did Not Enforce HUD's Housing Quality Standards**

We reviewed the Commission's inspections report to determine whether housing quality standards inspections were conducted annually in accordance with HUD's requirements. In addition, for failed inspections, we determined whether the followup inspections were completed in a timely manner and, if appropriate, the Commission abated units when housing quality standards deficiencies were not corrected.

Of the inspections completed for the program units between January 2016 and March 2018, we noted six annual inspections that were not completed in a timely manner – within 1 year after the date of the previous inspection.<sup>7</sup> Of the six untimely inspections, three were last inspected in 2016, and no inspections were performed from 2017 through March 2018. Although no inspections were completed to ensure that the units met HUD's housing quality standards, \$17,102 was paid for the three units. As a result of our audit, in an attempt to address the overpayment of housing assistance for the three units that had not been inspected, the Commission inappropriately recovered \$22,098 from the projects, which exceeded the amount overpaid for the three units. However, the Commission, not the program projects, was responsible for ensuring that the program units were inspected annually in accordance with HUD's requirements.

Between January 2016 and March 2018, the Commission completed 172 followup inspections for its program units. Of the 172 followup inspections, 6 were not completed in a timely manner – within 30 days after the failed annual inspection dates.<sup>8</sup> In addition, of the 172 followup inspections completed, 48 failed, which showed that the deficiencies noted during the inspections had not been corrected. Of the 48 failed followup inspections, the Commission did not abate the housing assistance payments for 18 units. As a result of our audit, the Commission recovered the overpaid housing assistance for 10 of the 18 units that were not appropriately abated. However, for the remaining eight units, the Commission did not recover \$6,839 in housing assistance payments from the program landlords, although the units failed to meet HUD's housing quality standards.

### **The Commission Lacked Adequate Policies, Procedures, and Controls**

The Commission lacked adequate policies, procedures, and controls to ensure that the program was administered in accordance with HUD's and its own requirements. For example, the Commission's administrative plan did not always comply with HUD's requirements for third-party verification of income.<sup>9</sup> According to the Commission's administrative plan, amounts entered on the personal declaration form<sup>10</sup> by a household could be used to certify the amount of

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<sup>7</sup> 24 CFR (Code of Federal Regulations) 5.705

<sup>8</sup> 24 CFR 982.404(a)

<sup>9</sup> 24 CFR 982.516(a)(2) and HUD Office of Public and Indian Housing (PIH) Notice PIH 2017-12 describe HUD's requirements for third-party verification of income.

<sup>10</sup> A Commission form completed by the tenant

recurring gifts used for the calculation of annual income without third-party verification. The administrative plan also stated that if the Commission used past actual income to project future income, the household would not be required to provide third-party verification of income. Instead, the Commission would use the income reported on the Enterprise Income Verification report.

Of the previously mentioned 32 certifications with incorrect or unsupported income, 15 (nearly 47 percent) lacked support that the Commission obtained third-party verification of reported income as required by HUD. In addition, personal declaration forms should be used as a last resort when the Commission has not been successful in obtaining information using other methods.<sup>11</sup>

Further, regarding the housing assistance payment calculations, household eligibility documentation, and contract rents, according to the Commission's director of assisted housing, staffing changes resulted in a lack of quality control over the program. The Commission's director of assisted housing said that the new housing choice voucher manager had been learning the system and expanding the quality control reviews. However, the focus had been on the Housing Choice Voucher Program because it is larger than the Moderate Rehabilitation program. The Commission planned to review a sample of the program household files as part of the quality control review process. However, as of August 2018, the review process did not include the program files.

Concerning the incorrectly paid housing assistance, as previously mentioned, of the 448 certifications, 292 (65.2 percent) were completed (modified) after the effective date of the forms HUD-50058. Therefore, the Commission should have adjusted or corrected the housing assistance payments and utility reimbursements. However, according to the Commission's internal procedures, if a certification was completed after the effective date and resulted in an increase in the household's share and a decrease in the housing assistance paid to the landlord, the Commission would not recover overpaid utility reimbursements and housing assistance. According to the Commission's director of assisted housing, the delays in completing the certifications occurred because the households did not provide required documentation in a timely manner. However, the Commission's policies and procedures were not adequate to ensure that the households submitted required documents in a timely manner. Further, instead of enforcing the timely completion of the certifications, the Commission modified (backdated) the effective dates of the forms HUD-50058. The Commission planned to implement new procedures to perform annual certification interviews on site at the projects during the month in which housing assistance payments contracts were renewed to reduce time delays in receiving required documentation.

Regarding the enforcement of housing quality standards, for the three units that were not inspected in 2017 through March 2018, the Commission's staff did not manually enter the due date for the next inspection when uploading the 2016 inspection results into the Commission's Yardi system. Therefore, those units were not included on the Commission's list of required

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<sup>11</sup> HUD Notice PIH 2017-12, section 9

inspections for the following year. According to the Commission's program supervisor, the inspection results were no longer entered manually. The inspection services contractor processed the results automatically through the Commission's system.

The Commission's program supervisor believed that the staff member formerly responsible for the abatement process did not fully use the weekly inspection reports from the Commission's contracted inspector to address abatements. Further, the Commission did not have an approval process for the abatements. The program supervisor stated that she had established a four-step process for completing and reviewing the abatements as of July 2018.

### **Conclusion**

The Commission lacked adequate policies, procedures, and controls to ensure that the program was administered in accordance with HUD's and its own requirements. As a result, the Commission overpaid \$47,242 and underpaid \$24,703 in housing assistance. Further, it was unable to support \$85,489 in housing assistance payments. The table below represents a breakdown of the amounts associated with findings cited in this report.

Findings cited	Overpaid housing assistance	Underpaid housing assistance	Unsupported housing assistance
Incorrect housing assistance payment calculations			\$648
	\$240	\$552	6,137
	2,089	246	1,956
Unreported income	16,793	-	-
Incorrectly paid housing assistance	3,951		
	208	958	-
Missing eligibility documentation	-	-	76,748
Incorrect rents	20	849	-
Untimely housing quality standards inspections	17,102	22,098	-
Incorrectly abated units	6,839	-	-
<b>Totals</b>	<b>\$47,242</b>	<b>\$24,703</b>	<b>\$85,489</b>

If the Commission does not correct its certification process, it could overpay \$2,068 and underpay \$7,824 in housing assistance over the next year. This \$9,892 in program funds could be put to better use if proper procedures and controls are put into place to ensure the accuracy of housing assistance payments.

### **Recommendations**

We recommend that the Director of HUD's Detroit Office of Public Housing require the Commission to

- 1A. Pursue collection from the applicable projects or reimburse its program \$7,099 (\$240 + \$20 + \$6,839) from non-Federal funds for the overpayment of housing assistance due to

incorrect calculations, inappropriate contract rents, and failure to correct housing quality standards deficiencies.

- 1B. Reimburse the appropriate projects \$24,457 ( $\$552 + \$958 + \$849 + \$22,098$ ) from program funds for the underpayment of housing assistance due to incorrect calculations, underpaid housing assistance, and inappropriate contract rents and recovery of program funds.
- 1C. Reimburse the appropriate households \$246 from non-Federal funds for the overpayment of tenant rent due to inappropriate calculations.
- 1D. Reimburse its program \$23,350 ( $\$2,089 + \$3,951 + \$208 + \$17,102$ ) from non-Federal funds for the underpayment of tenant rent due to incorrect calculations, overpaid housing assistance and utility reimbursements, and its failure to perform housing quality standards inspections.
- 1E. Support or reimburse the appropriate projects \$648 from non-Federal funds for the unsupported payments of housing assistance cited in this finding.
- 1F. Support or reimburse the appropriate households \$6,137 from non-Federal funds for the unsupported payments of tenant rent cited in this finding.
- 1G. Support or reimburse its program \$78,704 ( $\$1,956 + \$76,748$ ) from non-Federal funds for the unsupported payments of tenant rent and the missing certification and eligibility documentation.
- 1H. Pursue collection from the applicable households or reimburse its program \$16,793 from non-Federal funds for the overpayment of housing assistance due to unreported income.
- 1I. Update its administrative plan to ensure that its policies are in accordance with HUD's requirements and implement adequate quality control procedures to ensure that it correctly calculates housing assistance payments to ensure that \$9,892 in program funds is appropriately used for future payments.
- 1J. Implement adequate quality control procedures to ensure that it (1) obtains and maintains required eligibility documentation in accordance with HUD's requirements, (2) appropriately calculates and pays housing assistance and utility allowance reimbursements, and (3) completes household certifications in a timely manner.

We recommend that the Director of HUD's Detroit Office of Public Housing

- 1K. Ensure that the abatement procedures implemented by the Commission are sufficient to ensure that housing quality standards are enforced.

# Scope and Methodology

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We performed our onsite audit work between April and August 2018 at the Commission's offices located at 2211 Orleans, Detroit, MI. The audit covered the period January 1, 2016, through March 31, 2018, but was expanded as necessary.<sup>12</sup>

To accomplish our audit objective, we interviewed HUD program staff and the Commission's employees. In addition, we obtained and reviewed the following:

- HUD's regulations at 24 CFR Parts 5, 882, and 982; HUD Office of Public and Indian Housing (PIH) notices; and HUD's Guidebook 7420.10G.
- The Commission's housing assistance payments register, policies and procedures, board meeting minutes for January 2016 through March 2018, organizational chart, and program contracts.

During our survey, we selected 8<sup>13</sup> of the 134 households that participated in the program as of April 2018, to determine whether the Commission correctly calculated housing assistance payments, and obtained and maintained the required eligibility documentation. We used a random number generator to select a nonstatistical sample to limit our testing during the survey and ensure that we pulled a sample from each of the Commission's four program projects for review. We reviewed all of the certifications effective between January 2016 and March 2018 for the eight households. The results of those reviews are included in the total errors reported in our finding but were not projected to the universe.

For the audit phase, we statistically selected a systematic random sample of 60 household months from a universe of 2,634 monthly housing assistance payments totaling more than \$1.2 million from January 2016 through March 2018 (27 months). We used a statistical sample so the audit results could be projected to the universe. The 60 household months included three certifications reviewed during the survey, the results of which would be included in the projection to the universe. Based on the Commission's lack of documentation, we requested and obtained replacements for 9 of the 60 household months in the sample. Based on the audit review results, we can say with a one-sided confidence level of 95 percent that the Commission overpaid \$2,068 and underpaid \$7,824 yearly, for an annual total of \$9,892 in funds that could be put to better use by properly administering the program.

We relied in part on data maintained by the Commission in its systems. Although we did not perform a detailed assessment of the reliability of the data, we performed a minimal level of testing and found the data to be adequately reliable for our purposes.

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<sup>12</sup> We expanded our scope to include any overpaid and underpaid funds resulting from the miscalculation of housing assistance when the effective months for the selected HUD-50058s included months before or after January 2016 through March 2018.

<sup>13</sup> The eight households included two households from each of the four program projects.

We provided our review results and supporting schedules to the Director of HUD's Detroit Office of Public Housing and the Commission's interim executive director during the audit.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

# Internal Controls

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Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- effectiveness and efficiency of operations,
- reliability of financial reporting, and
- compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

## **Relevant Internal Controls**

We determined that the following internal controls were relevant to our audit objective:

- Effectiveness and efficiency of operations – Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives.
- Compliance with applicable laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

## **Significant Deficiency**

Based on our review, we believe that the following item is a significant deficiency:

- The Commission lacked adequate policies, procedures, and controls to ensure that the program was administered in accordance with HUD's and its own requirements (finding).

# Appendices

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## Appendix A

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**Schedule of Questioned Costs and Funds To Be Put to Better Use**

Recommendation number	Ineligible 1/	Unsupported 2/	Funds to be put to better use 3/
1A	\$7,099		
1B			\$24,457
1C			246
1D	23,350		
1E		\$648	
1F		6,137	
1G		78,704	
1H	16,793		
1I			9,892
<b>Totals</b>	<b>47,242</b>	<b>85,489</b>	<b>34,595</b>

- 1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or Federal, State, or local policies or regulations.
- 2/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.
- 3/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings

that are specifically identified. In this instance, implementing our recommendations will ensure that housing assistance and utility allowance reimbursements will be correctly calculated and paid.

## Appendix B

### Auditee Comments and OIG's Evaluation

#### Ref to OIG Evaluation

#### Auditee Comments

Comment 1

Comment 2

Comment 3

Comment 4

 <p><b>DHC</b> DETROIT HOUSING COMMISSION</p>	<p>1201 E. Jefferson Detroit, Michigan 48207 313.877.8100 313.877.8100 TDD/VI</p> <p>December 12, 2018</p> <p>Ms. Marcie Ibizugbe Assistant Regional Inspector General for Audit United States Department of HUD-Office of Inspector General Ralph H. Metcalfe Federal Building 77 West Jackson Boulevard, 2201 Chicago, IL 60604</p> <p>Dear Ms. Ibizugbe:</p> <p>The Detroit Housing Commission (DHC) has reviewed the findings and recommendations drafted by the HUD Office of Inspector General Inspector (OIG). The draft report details various program operations and states the specific Moderate Rehabilitation regulations. Our responses to the comments and findings are included in this communication.</p> <p>The draft report outlines program errors associated with eligibility, subsidy determination and Housing Quality Standard enforcement. DHC recognizes the significance of the errors which resulted in the overpayment and/or underpayment of housing assistance. In an effort to confirm the errors and determine the corrective action needed, the Housing Assistance Payment (HAP) calculated transactions are being recreated. A review of internal processes and policies are being completed to determine what additional level of staff training is required. The quality control protocol in place throughout the tenant-based program is being implemented in the Moderate Rehabilitation program.</p> <p>DHC is in disagreement with some of the specifics outlined in the recommendations and will discuss them individually. DHC has also already completed some of steps to correct the disbursement of HAP. The scope of work for this audit is stated as January 1, 2016 through March 31, 2018 – however, the inspector established findings from 1993, 2006 and 2011. We remind the OIG of the DHC's historical troubled status as well as the fact that these dates are prior to the last OIG engagement.</p> <p>As stated in the draft report, for the remaining three Mod Rehab contracts, DHC will be completing all annual program activity at the time of the contract renewal. Incorporating this step is expected to limit time delays and improve program integrity.</p> <p>It is critical to make note, prior to start of the OIG Review, DHC had begun to wind down the Moderate Rehab Contract associated the El Tovar Apartments (MR0006). This contract was not renewed, and a reconciliation of all accounts is being completed. It was determined the property was operating below preferred program standards, with inexperienced management, excessive vacancies, inadequate building conditions, and long-term</p>
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## Auditee Comments and OIG's Evaluation

### Ref to OIG Evaluation

### Auditee Comments

Comment 5

abatements. DHC is working with the current residents to move from the building with tenant-based assistance recently provided by HUD.

#### Recommendation 1A

The OIG recommendation consists of calculations associated with end of participation, inappropriate contract rents, housing quality standards, and income determination. DHC generally agrees with the recommendation, however finds exceptions to specific monetary positions.

Comment 6

The \$10,524 appears to represent payments of HAP in lieu of HAP abatement actions, scheduled Housing Quality Standards Inspection Enforcement Analysis. DHC discovered a weakness in our system of record process; we corrected the errors, reviewed the inspection history, and placed the abatement recovering the funds; see documents 1A2.

Comment 7

Identification No 19: The OIG is recommending the recovery of HAP for not abating a unit when the abatement action was not required. The inspection of 3/3/2017 is identified as a Special Inspection (a request made off cycle), the inspection did not occur. The next annual inspection would have been in 2018. DHC disagrees with the recommendation to recover \$3,685, see documents 1A3.

Comment 8

Identification No. 36: The OIG is recommending the recovery of HAP associated with Payment after End of Participation; this recovery has been completed, see documents 1A4.

Comment 9

DHC is addressing the specific areas of operations where the errors were discovered by streamlining the timing of the annual activity, performing quality control testing and scheduling additional program training

#### Recommendation 1B

The OIG recommendation consists of calculations associated with contract rents, housing quality standards and income determination. DHC agrees with the recommendation and will review/recalculate the transactions to confirm the financial impact.

Comment 10

The \$22,098 in Housing Quality Standards Inspection Enforcement is the recovery of funds associated with late inspections and will be returned to the properties.

Comment 11

DHC is unable to determine from the provided spreadsheets the justification of the \$849.

#### Recommendation 1C

Comment 12

The OIG recommendation consists of calculations associated with income determination and utility allowance structure. DHC is agreement with the recommendation and is working through the calculations to determine the accuracy of the monetary impact.

Comment 13

## Auditee Comments and OIG's Evaluation

### Ref to OIG Evaluation

### Auditee Comments

Comment 13

Utility assignments are reviewed during contract renewal and are being reconciled to each contract unit. The reconciliation may show the OIG Inspector did not have correct tenant paid utility assignment for each contract unit. The OIG has identified errors associated with the utility assignment throughout the draft report, the reconciliation will provide an accurate accounting of the utility allowances for each unit.

#### Recommendation 1D

The OIG recommendation consists of calculations associated with income determination, utility reimbursements and housing quality standards. DHC agrees with the recommendation however is reconciling all HAP disbursements and recreating the transactions through the system of record to validate the financial impact.

Section 1.7D. 5 of the Section 8 Moderate Rehabilitation Program Part I Housing Assistance Payment Contract allows for the collection of overpayments of HAP.

The \$17,102 in Housing Quality Standards Inspection Enforcement is associated with delayed inspection activity. DHC is recalculating the HAP associated with each individual transaction to determine the accuracy of the financial recommendation.

#### Recommendation 1E and 1F

The OIG recommendation consists of unsupported or unverified income used in the determination of rent. DHC agrees with the recommendation that income must be supported and/or verified. DHC is reviewing the individual records associated with this recommendation to determine if the income was verified and if not why. DHC is also calculating the utility allowance identified by the OIG to determine accuracy.

DHC is not in agreement with the OIG finding associated with household reporting zero income, non-cash contributions. DHC requires participants to provide a monetary value to non-cash contributions however if the contribution is being made by an organization which does not require registration (for example food banks, faith base organizations) DHC using the self-declaration. If the participant provides contact information associated with zero income, non-cash contributions DHC will verify.

#### Recommendation 1G

The OIG recommendation consists of missing certification and eligibility documentation. DHC disagrees with the findings surrounding the Eligibility Analysis and the monetary impact.

Identification No. 6 (deceased): The OIG is recommending the recovery of all HAP disbursed based on a missing Lead Paint Disclosure. DHC recognizes the purpose of the disclosure; however, it does not coincide with program eligibility. DHC disagrees with the

Comment 15

Comment 16

## Auditee Comments and OIG's Evaluation

### Ref to OIG Evaluation

### Auditee Comments

Comment 16

recommendation to recover \$20,687 in HAP. The participant signed the lease in 2006 and, following the initial lease, entered an automatic renewal. The property management displays Lead Paint Information in the management office.

Identification No. 17 (deceased): The OIG is recommending the recovery of all HAP disbursed based on a missing Lead Paint Disclosure. DHC recognizes the purpose of the disclosure; however, it does not coincide with program eligibility. DHC disagrees with the recommendation to recover \$14,283 in HAP. The participant signed the lease in 1993 and, following the initial lease, entered an automatic renewal. The property management displays Lead Paint Information in the management office.

Identification No. 24 (moved without assistance): The OIG is recommending the recovery of all HAP disbursed based on a missing form 214 (Declaration of Citizenship Status) for a minor child. DHC recognizes the purpose of the form; however, the file provides acceptable secondary documentation - a valid United States Birth Certification and valid United States Social Security card. Citizenship does correlate with eligibility and the secondary material should be acceptable. DHC disagrees with the recommendation to recover \$12,363 in HAP.

Identification No. 41: The OIG is recommending the recovery of all HAP disbursed based on a missing form 214 (Declaration of Citizenship Status) for a minor child. DHC recognizes the purpose of the form; however, the file provides acceptable secondary documentation - a valid United States Birth Certification and valid United States Social Security card. Citizenship does correlate with eligibility and the secondary material should be acceptable. DHC disagrees with the recommendation to recover \$6,109 in HAP.

Identification No. 51: The OIG is recommending the recovery of all HAP disbursed based on a missing birth certificate for the sole household member. DHC recognizes the purpose of the birth certificate; however, the file provides acceptable documentation - a signed Declaration of Citizenship Status (form 214) and valid United States Social Security card. The secondary material should be acceptable. DHC disagrees with the recommendation to recover \$12,967 in HAP.

HUD has been streamlining documentation requirements and where one form can be used as a substitute for another the case should be made the determination is acceptable.

#### Recommendation 1H

DHC is not in a position to agree with the monetary impact of \$16,793. DHC has requested the participants named in this finding, who were overpaid assistance due to unreported income, to provide DHC with tax records including W-2 forms for all employment noted through the Enterprise Income Verification (EIV) system, see documents 1H2.

Comment 18

Comment 19

## Auditee Comments and OIG's Evaluation

### Ref to OIG Evaluation

### Auditee Comments

Comment 19

Participants are being allowed an opportunity to present documentation supporting the claim of un-reported income. DHC is working to determine if EIV is correct; if fraudulent activity was present; if there is evidence the participant reported the income and any actions taken by DHC. The participants may be allowed to enter into repayment agreements.

Recommendation 1I

DHC accepts the recommendation to review and update the Administrative Plan and implement adequate quality control procedures. DHC finds this step will strengthen the integrity and accuracy of the program operations. DHC does not accept the recommendation of recovery of \$9,882. DHC understands the recommendation to be a safeguard of future funds, not a current error.

Recommendation 1J

DHC accepts the recommendation to implement stronger quality control procedures. We will adapt the HUD Rental Housing Integrity Improvement principles used throughout the voucher program. DHC will also be completing all participant annual activity with the contract renewal. This should strengthen our quality control procedures.

DHC has appreciated the opportunity to work with the OIG staff and looks forward to strengthening the operations associated with the Moderate Rehabilitation program. If you have any questions regarding our position and actions being taken, please contact me at 313.877.8557 or email [KipplenH@dhcmi.org](mailto:KipplenH@dhcmi.org).

Sincerely,



Helen M. Kipplen  
Interim Executive Director

cc: Troy Flond, Director Assisted Housing

## **OIG Evaluation of Auditee Comments**

- Comment 1 The Commission stated that it was recreating the housing assistance payment transactions, performing a review of internal processes and policies, and implementing quality control protocols for the program. We acknowledge the Commission's willingness to take corrective actions for the issues cited in this report. The Commission should work with HUD to ensure that the training and quality control procedures fully address the deficiencies cited in this report.
- Comment 2 The Commission disagreed with some of the specifics in the recommendations and stated that it had already completed some steps to correct the disbursements of the housing assistance payments. Further, it indicated that our cited findings were outside of the audit scope and stated that the Commission's historical troubled status was before our prior audit of the Commission's program.
- As part of our audit, we reviewed the tenant and unit eligibility for a sample of households that participated in the program within our audit scope of January 1, 2016, and March 31, 2018; many of these households were admitted to the program before the audit scope. Although the Commission did not provide support for its assertion, we presume the dates of 1993, 2006, and 2011 refer to these earlier admission dates. However, since these households continued to receive housing assistance during the audit scope, the Commission was required to maintain support for tenant and unit eligibility. In addition, although some of these households were admitted to the program when the Commission had a troubled status, the Commission failed to obtain the missing documentation upon receiving a standard status in 2008, high status in 2017, or when implementing corrective actions after the prior OIG audit of its program.
- Comment 3 The Commission stated that it will be completing annual program activities at the time of contract renewal to limit time delays and improve program integrity. We acknowledge the Commission's willingness to take corrective actions to address the issues cited in this report. The Commission should work with HUD to ensure that the activities fully address the deficiencies cited in this report.
- Comment 4 The Commission stated that it had not renewed its contract with one of its program projects and was completing a reconciliation of all accounts. We acknowledge the Commission's willingness to take corrective actions. The Commission should work with HUD to ensure that the reconciliation of the accounts fully addresses the deficiencies cited in this report for this project.
- Comment 5 The Commission generally agreed with recommendation 1A, with exceptions. It provided exhibits to support its assertions, and based on the supporting documentation, we reduced the questioned amount in overpaid housing assistance for recommendation 1A accordingly. Because the exhibits were not necessary to

understand the Commission's comments, we did not include the documentation in this report.

- Comment 6    Regarding the incorrectly abated units, the Commission stated that it found a weakness in its system of record process, corrected the errors, reviewed the inspection history, and placed the abatement recovering the funds. It provided documents to support its assertions.

The Commission provided copies of letters, along with accompanying abatement worksheets, sent to its program projects stating that it had placed an abatement on the units due to housing quality standards inspections and showing the total amounts to be abated or recovered for the units. However, the identified abatement or recovery amounts did not always agree with the amounts cited in this report. In addition, the Commission inappropriately sent one of the letters for a unit that was not inspected in a timely manner; funds should not be recovered from the project for this unit because the Commission, not the project, was responsible for ensuring the unit was inspected annually. Although we acknowledge the Commission's willingness to take corrective actions, additional documentation is required to support that the funds were recovered from the program landlords. The Commission should work with HUD to resolve the finding and ensure that it appropriately recovers all of the abatement error amounts identified on the supporting schedule we provided with this report.

- Comment 7    The Commission stated that an abatement action was not required for one of its program units and disagreed with the recommendation to recover \$3,685 for that unit. Based on the supporting documentation provided, we removed the amount cited for the unit from the questioned costs in recommendation 1A.

- Comment 8    The Commission stated that it had recovered the housing assistance associated with the payment made after a household's program participation ended. Based on the supporting documentation provided, we confirmed the recovery of the amount for the overpaid housing assistance and removed the amount from the questioned costs in recommendation 1A.

- Comment 9    The Commission stated that it is streamlining the timing of annual activities, performing quality control testing, and scheduling additional program training to address the errors identified. We acknowledge the Commission's willingness to take corrective actions. It should work with HUD to ensure that these actions fully address the deficiencies cited in recommendation 1A.

- Comment 10    The Commission agreed with recommendation 1B and stated that it would review and recalculate the associated transactions to confirm the financial impact. The Commission should work with HUD to resolve the findings cited in this recommendation.

Comment 11 The Commission stated that it would return the funds of \$22,098 inappropriately recovered from the projects for the untimely inspections. We acknowledge the Commission's willingness to take corrective action and reimburse the appropriate program projects for the inappropriately recovered funds. The Commission should work with HUD to ensure that it returns the funds to the appropriate projects.

Comment 12 The Commission stated that it was unable to determine the justification for the \$849 for inappropriate contract rents from the schedule we provided. During the audit, on several occasions, we provided the Commission with a schedule to support the inappropriate contract rents cited in this report; we also discussed the schedule with the Commission. After the issuance of the final audit report, the Commission will have an opportunity to work with HUD to resolve this finding item under recommendation 1B.

Comment 13 The Commission agreed with recommendation 1C and is working on determining the accuracy of the monetary impact. It also stated that it is reconciling the utilities for each contract unit, which may show that we did not have the correct tenant-paid utilities for each contract unit.

During the audit, we used utility allowance amounts based on documentation maintained in the household files or provided by the Commission in our calculation of housing assistance payments. If the Commission determines that the utility allowances used were incorrect, it should work with HUD to ensure that the correct supporting documentation is maintained in the household files and that the finding cited in this recommendation is fully resolved.

Comment 14 The Commission agreed with recommendation 1D, but it is reconciling all housing assistance disbursements and recreating the transactions to validate the financial impact. Further, the Commission stated that Section 1.7D.5 of its program housing assistance payments contract allows it to collect overpayments of housing assistance. It is also recalculating the housing assistance payments associated with each individual transaction to determine the accuracy of the financial recommendation.

According to section 14.2D.1 of the Commission's administrative plan, neither a family nor an owner is required to repay an overpayment of subsidy if the Commission's staff caused the error or program abuse. The underpayment of tenant rent and overpayment of housing assistance and utility allowances cited in this recommendation resulted from the calculation errors by the Commission's staff. As a result, the projects are not required to reimburse the Commission for the overpaid housing assistance. The Commission should work with HUD to resolve the findings cited in this recommendation.

Comment 15 The Commission agreed with recommendations 1E and 1F in terms of the income being supported and verified. However, it disagreed with the finding associated with household reporting zero income, non-cash contributions. The Commission stated that if non-cash contributions were made by an organization that did not require registration, the Commission uses a self-declaration. However, according to HUD Notice PIH 2017-12, section 9, third-party verification of income is mandatory and tenant declaration is used as a last resort when any type of third-party verification, written or oral, cannot be obtained. For the 15 files that lacked third-party verification of reported income, there was no support documented in the files that the Commission attempted to obtain third-party verification.

Further, the Commission stated that if a participant provides contact information associated with zero income, it would verify the non-cash contributions.

However, we found that the Commission did not verify the contributions or wages for five household files that included the contact information. The Commission should work with HUD to resolve the findings cited in this recommendation.

Comment 16 The Commission disagreed with the findings related to the eligibility analysis and the monetary impact. For two households (regarding identification numbers 6 and 17), the Commission stated that it recognized the purpose of the lead paint disclosure but that it does not coincide with program eligibility. In addition, the Commission disagreed with the recommendation to recover the associated housing assistance payments. It added that the property management displays lead paint information in the management office.

As part of our audit, we reviewed both the tenant and unit eligibility for a sample of program households. Based on HUD's requirements, the lead-based paint disclosure form is required for each program unit constructed before January 1, 1978. Because the required form was not in the file for these program households, the eligibility of units were not fully supported. The Commission should provide a copy of the missing form to HUD, and if unavailable, work with HUD to ensure that the appropriate corrective actions are taken to fully address the deficiencies cited in this report.

Comment 17 Regarding two households (identification numbers 24 and 41), the Commission stated that it recognized the purpose of the missing declaration of citizenship status form but the household files provided acceptable secondary documentation such as a valid birth certificate and social security card. In addition, the Commission disagreed with the recommendation to recover the associated housing assistance payments.

According to HUD's requirements at 24 CFR 5.508(b), each family member, regardless of age, must submit evidence of citizenship. For U.S. citizens, the evidence consists of a signed declaration of U.S. citizenship. The Commission may request verification of the declaration by requiring presentation of a United

States passport or other appropriate documentation. In addition, according to section 3-2B of the Commission's administrative plan, HUD requires each family member to declare whether the individual is a citizen, a national, or an eligible non-citizen. The plan also states that family members who declare citizenship or national status will be required to provide additional documentation such as a birth certificate or other legal document. Therefore, a birth certificate and social security card can be used as support for the declaration of citizenship, but not a replacement of the declaration. The Commission should provide a copy of the missing form to HUD, and if unavailable, work with HUD to ensure that the appropriate corrective actions are taken to fully address the deficiencies cited in this report.

- Comment 18 The Commission stated that it recognized the purpose of the birth certificate but the household file provided acceptable documentation: a signed declaration of citizenship and valid social security card. In addition, the Commission disagreed with the recommendation to recover the associated housing assistance.

According to section 7-2B of the Commission's administrative plan, a birth certificate or other official record of birth is the preferred form of age verification for all family members. The administrative plan also lists other acceptable documents that may be provided along with a self-certification if the official record of birth is not available. The list did not include a declaration of citizenship or Social Security card, neither of which would include the date of birth. The Commission should provide a copy of the birth certificate to HUD, and if unavailable, work with HUD to ensure that the appropriate corrective actions are taken to fully address the deficiencies cited in this report.

- Comment 19 The Commission stated that it was not in the position to agree with the monetary impact of \$16,793 for recommendation 1H. Regarding the overpaid housing assistance due to unreported income, the Commission stated that it has requested from participants tax records for employment noted through the Enterprise Income Verification system and it is working on addressing this finding, which may include allowing the participants to enter into repayment agreements.

The Commission provided copies of letters sent to four of the nine households included in the finding. We acknowledge the Commission's willingness to take corrective actions for the overpaid housing assistance due to unreported income. The Commission should work with HUD to resolve the finding cited in this recommendation.

- Comment 20 Although the Commission agreed with the recommendation to update its administrative plan and implement adequate quality control procedures, it disagreed with the recovery amount of \$9,882. The amount included in this recommendation, categorized as funds to be put to better use, is an estimate of

future HUD funds that could be used more efficiently if this recommendation is implemented; it does not entail repayment of funds.

Comment 21 The Commission agreed with the recommendation to implement stronger quality control procedures. It should work with HUD to ensure that it implements adequate quality control procedures to address the deficiencies cited in this report.

## **Appendix C**

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### **Federal and the Commission's Requirements**

HUD's regulations at 24 CFR 5.230(a) state that each member of the family of an assistance applicant or participant, who is at least 18 years of age, and each family head and spouse, regardless of age, must sign one or more consent forms. Regulations at 24 CFR 5.230(b)(1) states that the assistance applicant must submit the signed consent forms to the processing entity when eligibility under a covered program is being determined. A participant must sign and submit consent forms at the next regularly scheduled income reexamination. Assistance applicants and participants are responsible for the signing and submitting of consent forms by each applicable family member.

HUD's regulations at 24 CFR 5.240(c) state that the responsible entity must verify the accuracy of the income information received from the family and change the amount of the total tenant payment, tenant rent, or program housing assistance payment or terminate assistance, as appropriate, based on such information.

HUD's regulations at 24 CFR 5.508(b) state that each family member, regardless of age, must submit the following evidence: (1) for U.S. citizens or U.S. nationals, the evidence consists of a signed declaration of U.S. citizenship or U.S. nationality.

HUD's regulations at 24 CFR 5.855(a) state that you may prohibit admission of a household to federally assisted housing under your standards if you determine that any household member is currently engaging in or has engaged in during a reasonable time before the admission decision (1) drug-related criminal activity; (2) violent criminal activity; (3) other criminal activity that would threaten the health, safety, or right to peaceful enjoyment of the premises by other residents; or (4) other criminal activity that would threaten the health or safety of the agency or owner or any employee.

HUD's regulations at 24 CFR 5.856 state that you must establish standards that prohibit admission to federally assisted housing if any member of the household is subject to a lifetime registration requirement under a State sex offender registration program. In the screening of applicants, you must perform necessary criminal history background checks in the State where the housing is located and in other States where the household members are known to have resided.

HUD's regulations at 24 CFR 35.92(b) state that each contract to lease target housing must include as an attachment or, within the contract, the following elements in the language of the contract: (1) a lead warning statement, (2) a statement by the lessor disclosing the presence of known lead-based paint or lead-based paint hazards in the target housing being leased or indicating no knowledge of the presence of lead-based paint or lead-based paint hazards, (3) a list of any records or reports available to the lessor pertaining to lead-based paint or lead-based paint hazards in the housing that have been provided to the lessee, and (4) a statement by the lessee affirming receipt of the information.

HUD's regulations at 24 CFR 882.509 state that if the public housing agency determines that a contract unit is not decent, safe, and sanitary by reason of increase in family size or that a contract unit is larger than appropriate for the size of the family in occupancy, housing assistance payments with respect to the unit will not be abated; however, the owner must offer the family a suitable alternative unit if one is available, and the family will be required to move. If the owner does not have a suitable available unit, the public housing agency must assist the family in locating other standard housing in the locality within the family's ability to pay and require the family to move to such a unit as soon as possible. In no case will a family be forced to move nor will housing assistance payments under the contract be terminated unless the family rejects without good reason the offer of a unit, which the public housing agency judges to be acceptable.

HUD's regulations at 24 CFR 882.516(b) state that in addition to the inspections required before execution of the contract, the public housing agency must inspect or cause to be inspected each dwelling unit under contract at least annually and at such other times as may be necessary to assure that the owner is meeting the obligations to maintain the unit in decent, safe, and sanitary condition and to provide the agreed-upon utilities and other services.

HUD's regulations at 24 CFR 882.516(c) state that if the public housing agency notifies the owner that the unit(s) under contract is not being maintained in decent, safe, and sanitary condition and the owner fails to take corrective action (including corrective action with respect to the family when the condition of the unit is the fault of the family) within the time prescribed in the notice, the public housing agency may exercise any of its rights or remedies under the contract, including abatement of housing assistance payments (even if the family continues in occupancy), termination of the contract on the affected unit(s), and termination of assistance to the family in accordance with section 882.514(e).

HUD's regulations at 24 CFR 982.54(a) state that the public housing agency must adopt a written administrative plan that establishes local policies for the administration of the program in accordance with HUD requirements and that (b) the administrative plan must be in accordance with HUD regulations and requirements.

HUD's regulations at 24 CFR 982.404(a)(3) state that the public housing agency must not make any housing assistance payments for a dwelling unit that fails to meet the housing quality standards, unless the owner corrects the defect within the period specified by the public housing agency and the public housing agency verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days.

HUD's regulations at 24 CFR 982.516(a)(2) state that the public housing agency must obtain and document in the tenant file third-party verification of the following factors or must document in the tenant file why third-party verification was not available: (i) reported family annual income.

HUD Notice PIH 2017-12, section 9, states that written third-party verification is mandatory to supplement an Enterprise Income Verification-reported income source. It also states that it is

mandatory for non-Enterprise Income Verification-reported income sources. It further states that a written third-party verification form is mandatory if written third-party verification documents are not available or rejected by the public housing agency, oral third-party verification is mandatory if written third-party verification is not available, and tenant declaration is used as a last resort when any type of third-party verification cannot be obtained.

The Commission's program administrative plan, chapter 11-1E, states that an increase in the family share of the rent will take effect on the family's annual anniversary date and the family will be notified at least 30 days in advance.

The Commission's program administrative plan, chapter 11-2C, states that if the family's total tenant payment is the minimum rent or the family has requested a hardship exemption, the family must report any increase in income.